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INTELLIGENCE SUMMARY

For Week Ending
30 June 1948

Vol. III No. 25

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GENERAL

Oil from Haifa: The continued shutdown of the Haifa refinery is becoming a matter of growing concern to Western Europe as well as to the Provisional Government of Israel. The UK has suggested that Count Bernadotte might be asked to establish Haifa temporarily as a UN-supervised international port for the purpose of reopening the refinery, while the French have also urged that steps be taken to prevent continued loss of Haifa's production. Israel, in stressing to US and the UK the importance of Haifa oil products to ERP and the Greek-Turkish Aid Program, has indicated willingness that the Arab states be assured a fair share of production if the refinery were reopened. Despite this widespread interest in the matter (which is shared by the US), the Arab states controlling Haifa's source of supply are unlikely to acquiesce in proposals for reopening the refinery. They remain convinced that such a step would be of greater advantage to Israel than to themselves, and Iraq has further stated that it "could not tolerate" having the outlet for its oil in a Jewish state. Furthermore, even if Bevin's international port formula were unexpectedly accepted by the Arabs, resumption of Haifa's production in the near future would not be likely, since the approximately 2,000 Arab refinery workers who fled Haifa during its capture by the Jews would have to be replaced.

GREECE

Operation Crown slows down: The Greek Army's major offensive against the Grammos Mountain border area—"Operation Crown"—does not now appear to justify the optimism expressed at the end of the first day of fighting 20 June. On the basis of the incomplete reports available, it appears that the army is meeting stiff resistance from prepared guerrilla positions and has gained little ground except for a few heights on the edge of the area which were captured at the outset. Possibly a lack of reserves will bring about a sudden guerrilla collapse, but since bandit casualties have been light thus far such an outcome does not seem likely in the near future. So far the guerrillas have not only maintained their defenses stoutly but have also counterattacked—from without as well as within the operational area. Several attacks made on Greek Army lines

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of communications not only damaged main supply roads but required to repulse them the use of Greek Army troops needed elsewhere.

The specific reasons for the Greek Army's present difficulties are not clear. However, an old factor is probably present: an exaggerated reliance by commanders on artillery and air strikes to soften the way for the infantry. When the artillery and the air strikes fail to accomplish anything much less than complete annihilation of a strong point the infantry advance stops. Unless this psychology is quickly changed the situation will grow worse. The capabilities of artillery in mountain fighting will remain limited. The Air Force is already working to the limit of its capacity, and its effectiveness is likely to decline as pilots become exhausted and their planes non-operational in trying to fulfil excessive ground support requests.

PALESTINE

Threats to the truce: The UN's four-weeks cease-fire agreement for Palestine, now nearing the three-quarter mark, has already faced two threats to its continued existence. The first threat, involving an Irgun Zvai Leumi attempt to land a \$5 million arms cargo at Tel Aviv in violation of the truce, was halted by the firm action of the Provisional Government of Israel in using Hagana troops to prevent the unloading and set fire to the ship. The other threat to the cease-fire arose over the action of Egyptian forces, which Count Bernadotte's staff charges with having fired on a UN observer plane and having prevented a UN-checked food convoy from resupplying the isolated Jewish settlements in the Negeb. Count Bernadotte is attempting to handle the matter without recourse to the Security Council.

The Provisional Government of Israel's action in using troops against Irgun brought the resignation of two rightist cabinet ministers, who protested against what they called arbitrary action by Premier Ben Gurion, but they later returned to the cabinet after Ben Gurion had received a vote of confidence in the State Council. Furthermore Irgun leaders appealed to their followers to do no further fighting against Jews and—after first breaking with the Government—later urged their men to cooperate with Hagana. The Government was thus clearly successful in the first test of its ability to maintain its internal authority.

IRAQ

The new cabinet: The replacement of Mohammed Sadr by Muzahim Pachachi as Iraq's prime minister is singularly lacking in special significance. The parliamentary elections which ~~SECRET~~ are taking place during the

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last few weeks did nothing to disturb the position of the old ruling group, and Sadr, in resigning, merely carried out his previously announced intention of leaving office as soon as the new Majlis was named. As a result, the new cabinet is as conservative as the old one, although (like its predecessor) it includes Mohammed Hassan Kibba, leader of the ultra-nationalist Independence Party. The new prime minister himself, although he had not been recently active in politics, is a member of a family long prominent in Iraqi public life.

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